

European Financial Reporting Advisory Group ■

World Bank IFRS Conference
Warsaw – 30 June 2011

Françoise Flores, Chairman of EFRAG



Setting the scene

It's all about influence!!



EFRAG

A leading force in the global financial reporting debate

What to expect next?

- EFRAG's example is being followed, more regional groups will emerge:
 - Europe – EFRAG
 - Asia – Oceania – AOSSG (incl. Japan, China, India...)
 - Latin America – Regional group is being set up
 - North America: FASB alone? With Canada?
 - Africa:?

Will the US adopt IFRS?

- SEC decision expected before the end of 2011
- SEC likely to decide against any big-bang:
 - IFRS incorporated one by one into US GAAP, either via joint projects, or on a stand-alone basis, until US GAAP = IFRS
 - Will a deadline be determined?
 - What will be the criteria the FASB should apply?

Overall picture

- The world is divided basically in two groups:
 - Jurisdictions where IFRS are applied or on the verge of being applied (Europe, Australia and NZ, Canada, Korea, Argentina...)
 - Jurisdictions where convergence efforts are taking place (China, India, Japan...), and where the US decision will play a role



The role of EFRAG

EFRAG's objectives



Ensure that European views on the development of financial reporting are properly and clearly articulated in the international standard-setting process

- Proactive contribution to the IASB and IFRS Interpretations Committee
- Leader in EU proactive activities
- Adviser to the EU Commission on accounting matters (Endorsement advice & other)

□ The more global IFRS become...

- ... the more European stakeholders need EFRAG...
- EFRAG is gaining rapidly international visibility
 - Draft comment letters
 - Participation in international fora of Standard Setters
 - Regular publications on our website

EFRAG helps you participate



We want to hear your views and to help you to be heard by the IASB

- Come to us with your issues
- We need your input in brief and we will translate it into IASB language with all the technical justifications needed
- No need to write full comment letters: let us know where you disagree with our preliminary views and why

EFRAG helps you participate



European Financial Reporting Advisory Group ■



European Financial Reporting Advisory Group ■

Where to find us...

- Visit our website

www.efrag.org

- Call +32 2 210 44 00
- Write info@efrag.org
- Come and visit

35 square de Meeus - Brussels

EFRAG – IASB: a close working relationship

 **EFRAG**

European Financial Reporting Advisory Group ■

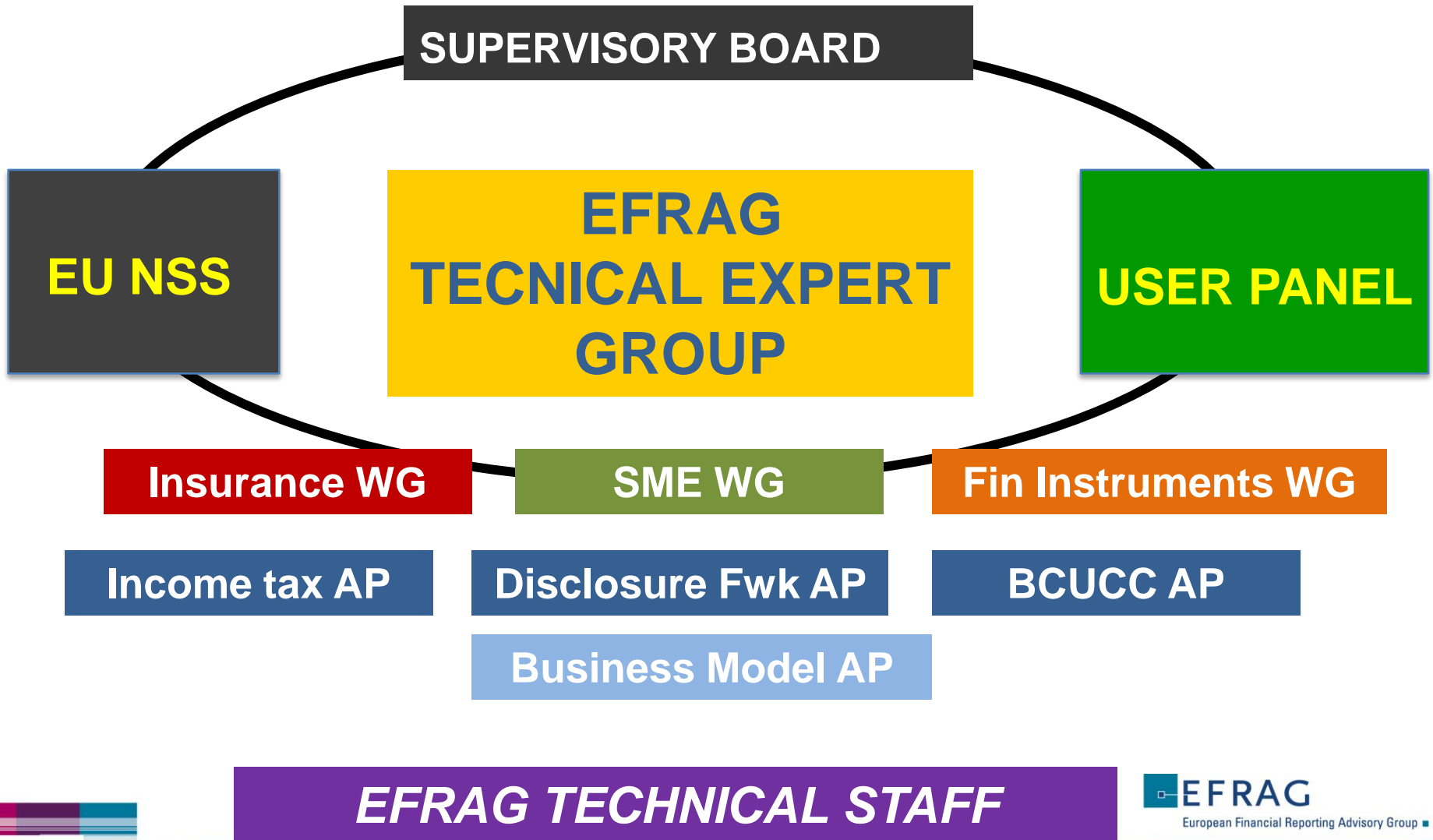


 **IFRS™**

- IASB members and staff observers in all EFRAG TEG meetings and in some WG meetings
- EFRAG observer in all IASB Working Groups
- EFRAG – IASB regular public joint meetings
- EFRAG – IASB Chairmen meet privately quarterly
- Day-to-day cooperation between EFRAG and IASB staff

 **EFRAG**

European Financial Reporting Advisory Group ■



□ Due process and transparency

- EFRAG TEG meets in public
- Issuance of draft comment letters as early as feasible
- Preliminary views subject to public consultation
- Re-deliberations prior to final comment letters
- Discussion forums, EFRAG-IASB joint meetings

Polish participants in EFRAG

- EFRAG Supervisory Board
 - Professor Aldona Kamela Sowinska
- EFRAG Technical Expert Group
 - Anna Sirocka
- EFRAG SME Working Group
 - Professor Radoslaw Ignatowski
- EFRAG staff:
 - Magdalena Zogola
- Polish Ministry of Finance participates in EFRAG Consultative Forum of Standard Setters



Europe leading the way

EFRAG proactive activities

Focus on improvement, not on change



EFRAG Proactive Strategy: ‘Focus on Improvement’

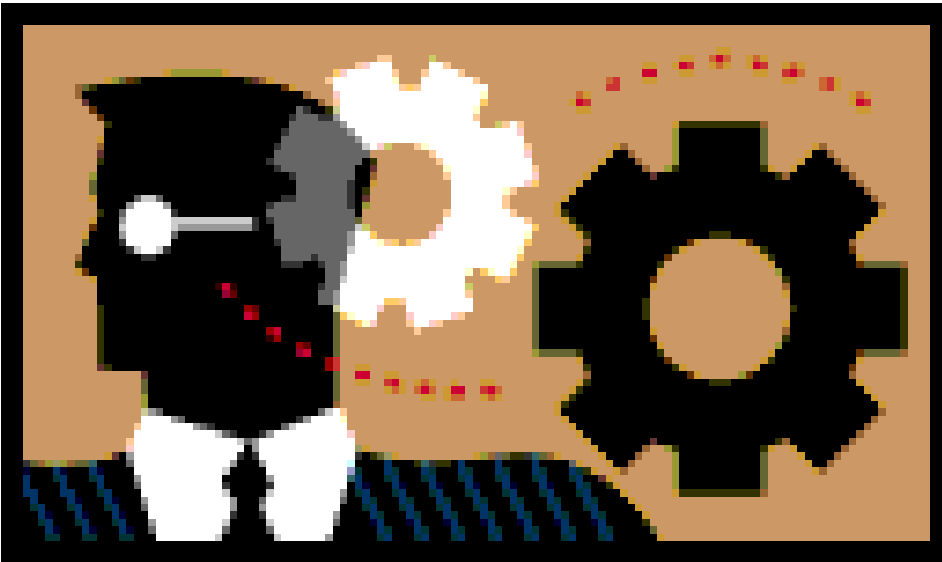
Strategic aims:

- Influence development of IFRS
- Engage with European constituents
- Provide thought leadership
- Promote *solutions* that improve the *quality of information*, that are *practical*, and enhance transparency and accountability

□ We're out for:

~~Perfect theory!~~

Robust bases, **YES!**
practical solutions!



Concrete outcomes?

- Directions for IAS 39 replacement:
 - Mix measurement model
 - Role for the business model
 - Hedge accounting to reflect risk management practices
 - No impact of own credit risk changes on P/L... except for the Danish Mortgage industry

Thought leadership for Europe's benefit

Current Projects:

- **Developing a disclosure framework:** taking out the clutter from financial statements and making them easier to understand
- **Accounting for income taxes:** providing more meaningful information on one of the biggest expenses
- **Business combinations under common control:** sorting out how to account for 'internal transactions' – useful information v compliance costs

Thought leadership for Europe's benefit

Current Projects:

- **The role of the business model in financial reporting:** reflecting the way in which a business operates in the financial statements could provide more meaningful information
- **Understanding the effects of accounting standards** and evidence-based standard setting: do accounting standards work as intended and how is the European experience reflected once they are operational?

Thank you for your attention!



**And now ...
Questions?
... and answers...**

www.efrag.org



*EFRAG receives financial support of the European Union-DG Internal Market and Services.
The contents of this presentation is the sole responsibility of EFRAG and can under no circumstances be regarded as reflecting the position of the European Union.*